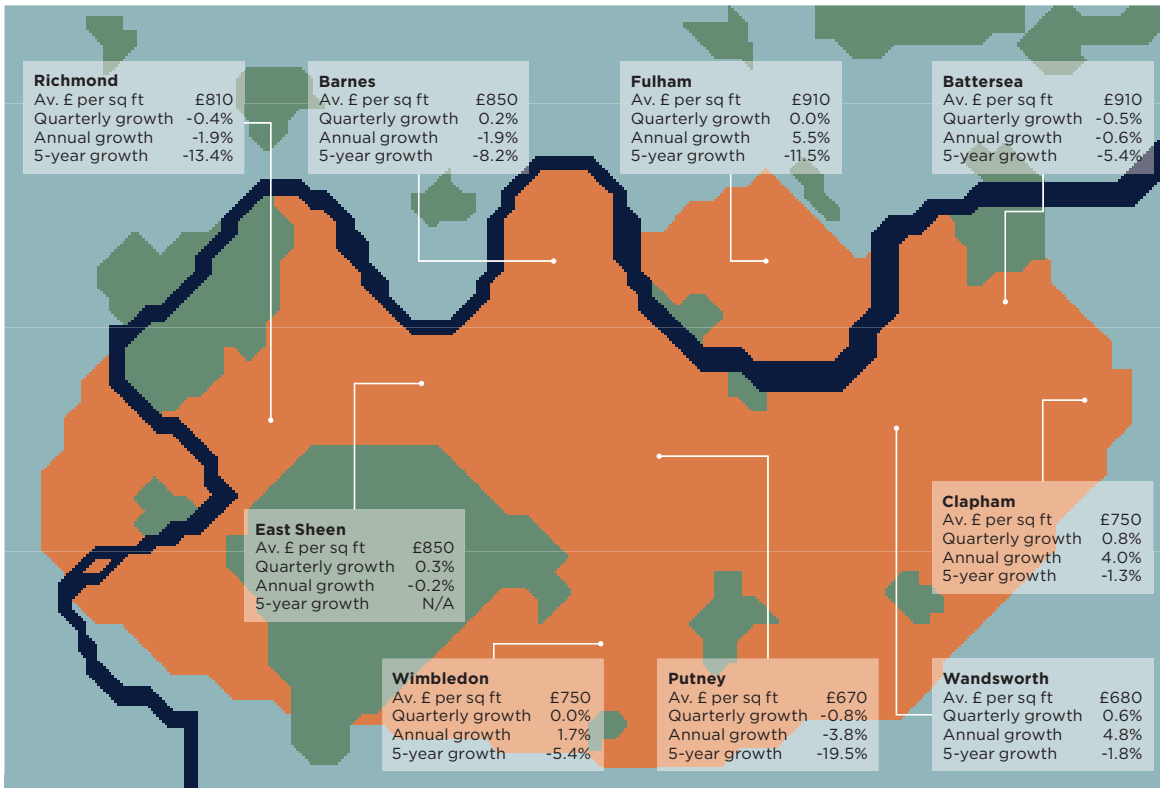


Prime South West London



Note Prime property values to September 2019 (excludes new build) Source Savills Research

Price monitor

Key statistics for house price growth



Quarterly price movement across the prime London housing markets for Q3 2019



Quarterly price movement across the prime South West London housing markets for Q3 2019



Average change in prices for property worth less than £1m in the prime markets of South West London, since 2014 peak



Average change in prices for property worth £2m or more in the prime markets of South West London, since 2014 peak

Source Savills Research

Price growth returns to prime SW London

Despite the ongoing challenges faced by London's prime residential markets in Q3 2019, price falls continued to slow as buyer and seller expectations narrowed. Brexit was cited by more than two-thirds of our agents as the main issue affecting the market. More than 90% said that buyers and sellers were concerned about the possibility of a general election.

London's mainstream markets have been affected by similar concerns, causing average price falls of 2.6% across the wider market during the past 12 months. Yet, in the three months to September 2019, values across London's prime housing markets fell by a marginal 0.3% on average, leaving them just 1.5% lower than the previous 12 months. By comparison, two years ago, that figure was 4.5% lower.

South West London has been the most robust of London's

prime markets during the past year, despite a fall in values of 7.8% since their previous peak in 2014, when new stamp duty rates were introduced. This has had a particular impact on the top end of the market. Prices of £2m-plus properties have fallen 11.9% since 2014 while those worth less than £1m have adjusted by just 3.5% during the same period.

But values across the region remained flat in Q3 2019 leaving them 0.9% higher than a year ago. In part, this reflects the fact that uncertainty has also led to fewer prime properties being brought to the market. At the same time, we've seen higher levels of new applicants this year, creating a build-up of demand. Across prime South West London, for each new property that was brought to the market in Q3, there were 7.6 new applicants registered. But this remains a market that requires pragmatism from buyers and sellers alike.

Prime London price movements

	Prime Central London	Prime North West London	Prime South West London	Prime West London	Prime North & East London	All prime London
Quarterly growth	-0.3%	-0.6%	0.0%	-0.1%	-0.9%	-0.3%
Annual growth	-3.0%	-3.3%	0.9%	-1.0%	-2.3%	-1.5%
5-year growth	-20.3%	-12.0%	-7.6%	-5.9%	-8.8%	-12.3%

Note Prices to September 2019 Source Savills Research

Younger buyers aim for relative value

In the prime markets of Battersea, Clapham and Wandsworth, values have fallen by between 3% and 6% since the EU referendum. Falls slowed to -0.5% in Battersea and low levels of growth were recorded in Clapham and Wandsworth during Q3 2019.

The majority (67%) of buyers in these areas are aged under 40 and are often supported by the Bank of Mum and Dad. Younger buyers are taking advantage of the relative value on offer in these markets, when compared with other parts of prime London, which continues to be a strong driver of demand.

By comparison, in prime markets such as Barnes, Putney and Richmond, 70% of buyers have children.

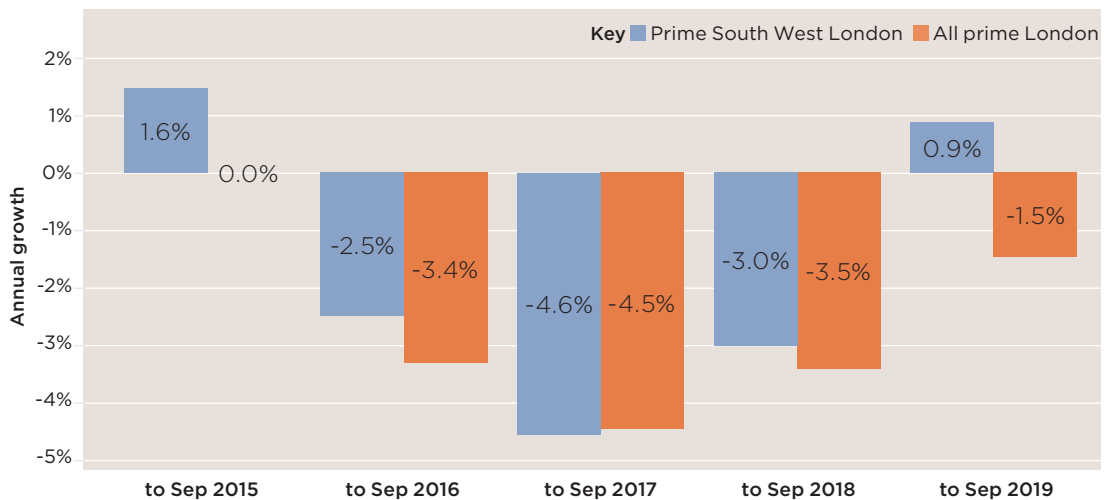
Values in these family-orientated markets have fallen by as much as 17% since the EU referendum, as uncertainty around the economic impact of Brexit has made buyers much more cost-conscious. Such falls have increasingly left larger family homes looking good value in a historic context.

In Fulham, price falls have totalled 6.4% since the Brexit vote, but have increased by 5.5% in the past year, in part due to low levels of new stock being brought to the market.

Here, the majority of buyers (57%) are moving from within the borough of Hammersmith and Fulham, a factor which highlights the area's staying power.

🗨️ Values of prime housing in South West London have fallen by 7.8% on average since 2014, when new stamp duty rates were introduced 🗨️

Market activity South West London has been the most robust London market



Source Savills Research

OUTLOOK

We expect the sense of caution in the market to continue for the rest of the year, as buyers wait to see whether the current government will be able to negotiate a deal with the EU before the end of October, or forced by parliament to seek a further extension of article 50. The prospect of a general election by the end of the year is likely to add to this. However, given the extent to which prices have already corrected, we do not envisage significant price

adjustments during this period.

Current polling shows that the election of a hard left majority government would require a substantial swing in voting intentions. This limits the risk of a dramatic change in the political environment which might significantly alter the attractiveness of London to ultra-high-net-worth individuals. But only once this risk has passed entirely do we expect the seeds of recovery to be planted.

We also believe that cuts to stamp duty that were mooted by Boris Johnson in his leadership bid cannot be relied upon. First, it's uncertain whether the Conservatives can deliver a clear majority. Also, any government is going to be reluctant to put at risk receipts which we estimate to be between £2 billion and £4 billion, at a time when it will be looking to increase spending to support the economy.

Deal or no deal, what is needed to stimulate market demand is

greater certainty over the way forward. In South West London, young buyers taking advantage of the relative value on offer continue to keep the market moving, as do growing families and, in particular, those in search of good schools and green space.

We anticipate this will continue in the short term.

Savills team

Please contact us for further information

Lucian Cook

Head of Residential Research
020 7016 3837
lcook@savills.com

Frances Clacy

Associate Residential Research
020 7409 5905
fclacy@savills.com

Robin Chatwin

Head of South West London Residential Sales
020 3430 6905
rchatwin@savills.com

Savills plc is a global real estate services provider listed on the London Stock Exchange. We have an international network of more than 600 offices and associates throughout the Americas, the UK, continental Europe, Asia Pacific, Africa and the Middle East, offering a broad range of specialist advisory, management and transactional services to clients all over the world. This report is for general informative purposes only. It may not be published, reproduced or quoted in part or in whole, nor may it be used as a basis for any contract, prospectus, agreement or other document without prior consent. While every effort has been made to ensure its accuracy, Savills accepts no liability whatsoever for any direct or consequential loss arising from its use. The content is strictly copyright and reproduction of the whole or part of it in any form is prohibited without written permission from Savills Research.

